

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL MEMORANDUM

SB 2108 – HB 2215

March 24, 2009

SUMMARY OF AMENDMENT (004913): Deletes all language of the original bill and permits a mental health facility that, as of January 1, 2009, was licensed as part of an existing acute care hospital and had previously been licensed by the Department of Mental Health and Developmental Disabilities to become licensed as a mental health hospital without obtaining a further certificate of need.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – Not Significant

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Decrease State Revenue – Not Significant

Increase State Expenditures – \$4,819,000

Decrease Federal Expenditures - \$4,819,000

Assumptions applied to amendment:

- Under current law, a mental health hospital that is licensed as part of an acute care hospital would have to obtain a certificate of need to become a separately licensed facility.
- Any decrease in the certificate of need applications and fees will not be significant.
- According to the Bureau of TennCare, the bill as amended will allow Vanderbilt University Hospital to establish an Institute for Mental Disability (IMD). The Centers for Medicare and Medicaid Services (CMS) will not reimburse the state for medical services in an IMD. Services are currently reimbursed as part of general acute care hospital services. Services in a standalone IMD facility were allowed in the original TennCare waiver but were removed when the waiver was renegotiated in 2002. Funding for IMDs was phased out over two years after the waiver was changed.

SB 2108 – HB 2215

- Any services in this facility reimbursed by TennCare would be one hundred percent state funds. In calendar year 2008, TennCare reimbursed Vanderbilt for approximately \$6,500,000 in psychiatric services. The state would be forced to pay the Federal share of that amount for these services in a standalone IMD.
- The federal match rate for FY09-10 is approximately 74.138 percent which will result in an increase in state expenditures of \$4,818,970.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/kml